

ISSUE DATE: November 24, 1998

DOCKET NO. P-408, 421/CP-96-1151

ORDER CERTIFYING POLLING RESULTS AND DENYING PETITION

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
LeRoy Koppendrayner
Gregory Scott

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Frazee Exchange to the
Detroit Lakes, Vergas and Perham Exchanges

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PROCEDURAL HISTORY

On October 2, 1996, subscribers in the Frazee exchange submitted a petition for extended area service (EAS) to Detroit Lakes, Vergas and Perham. Loretel Systems, Inc. (Loretel) serves Frazee; U S WEST Communications, Inc. (USWC) serves Detroit Lakes; and East Otter Tail Telephone Company (East Otter Tail) serves the Vergas and Perham exchanges.

On January 29, 1997, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. In its Order, the Commission found that, although all the communities met the Commission's adjacency requirement, only the route between Frazee and Detroit Lakes met its traffic criterion. The Commission denied the Vergas and Perham portion of the Frazee petition and directed the affected telephone companies to prepare cost studies and proposed rates.

Between May 19 and July 3, 1997, the affected companies submitted cost studies and proposed rates.

On July 9, 1997, the Minnesota Department of Public Service (the Department) filed comments, expressing concern that Loretel did not account for access cost savings that would arise if the route were converted to an EAS route. The Department recommended that the Commission require Loretel to adjust its revenue requirement to account for access cost savings.

On February 27, 1998, USWC filed a revised cost study and proposed rates.

On March 6, 1998, the Department filed amended comments in this matter. The Department stated that in deference to the Commission's findings in the New Germany case,¹ the Department filed amended comments on March 6, 1998, rescinding its proposed adjustment of Loretel's revenue requirement. However, the Department continued to maintain that, without its proposed accounting for access cost savings, the affected telephone companies will not remain income neutral after an EAS route is installed.

On April 13, 1998, the Department filed additional amended comments in this matter.

On August 6, 1998, the Commission issued its ORDER SETTING RATES AND REQUIRING POLLING in this matter.

Between September 30 and November 10, 1998, polling of telephone subscribers in the Frazee exchange was conducted.

The Commission met on November 17, 1998 to consider this matter.

FINDINGS AND CONCLUSIONS

The final criterion for an EAS petition is whether there is adequate customer support for the proposed EAS route. If a majority of customers vote in favor of installing the proposed EAS route, the Commission is authorized and directed to order the relevant local telephone company to install the service. If not, the petition must be denied.

The Commission has reviewed the results of the polling of Frazee customers and will certify the following results. With 69.7 percent participation, the results were:

Voting Exchange	Petitioned Exchange(s)	Res. EAS Rate	Bus. EAS Rate	% Voting	Yes		No	
					#	%	#	%
Frazee	Detroit Lakes	\$10.90	\$16.24	69.7	500	44.3	628	55.7

¹ See the Commission's November 7, 1997 ORDER ADOPTING RATES FOR POLLING for the proposed New Germany and Atwater EAS cases. Docket No. P-407, 421/CP-96-799 (New Germany) and P-407, et al./CP-96-564. In its Order, the Commission found that the record was not sufficient to support the Department's access cost savings argument. The Commission reaffirmed its decision on this point in its January 20, 1998 ORDER DENYING RECONSIDERATION in the same matter.

Since less than a majority of the Frazee customers responding to the poll voted in favor of installing the proposed EAS route between Frazee and the Detroit Lakes exchange, the Commission will deny this petition and direct Loretel Systems, Inc. (Loretel), the local telephone company serving the Frazee exchange, to notify its customers, as set forth in more detail in the Ordering Paragraphs.

ORDER

1. The polling results for the Frazee exchange are hereby certified as set forth above.
2. In accord with the results of that polling, the Commission hereby denies the petition for EAS between Frazee and the Detroit Lakes exchange.
3. Within 10 days of this Order, Loretel Systems, Inc. (Loretel or the Company) shall file a proposed customer notice for approval by Commission Staff. The notice should list the results of the polling. After approval, the Company shall serve the notice in the first possible billing cycle.
4. At the time the notices referred to in Ordering Paragraph 3 have been served, Loretel shall file copies of the final notices with the Minnesota Department of Public Service and the Commission. Thereupon, the Frazee docket (P-408, 421/CP-96-1151) will be closed.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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